

August 22, 2016



Optex Systems Holdings Announces Pricing of \$4.75 Million Public Offering

RICHARDSON, TX -- (Marketwired) -- 08/22/16 -- Optex Systems Holdings, Inc. (OTCQB: OPXS), a leading manufacturer of precision optical sighting systems for domestic and worldwide military and commercial applications, today announced that it has priced an underwritten public offering of units for gross proceeds of \$4.75 million, before deducting the underwriting discount and commissions and estimated offering expenses payable by Optex, but excluding any proceeds from the exercise of any warrants.

The offering is comprised of Class A Units, priced at a public offering price of \$1.20 per unit, with each unit consisting of one share of common stock and one five-year warrant to purchase one share of common stock with an exercise price of \$1.50 per share (each, a "warrant"), and Class B Units, priced at a public offering price of \$5,000 per unit, with each unit comprised of one share of preferred stock with a conversion price of \$1.20 which is convertible into 4,167 shares of common stock and warrants to purchase 4,167 shares of common stock. The preferred stock issued in this transaction includes a beneficial ownership blocker but has no dividend rights (except to extent dividends are also paid on the common stock), liquidation preference or other preferences over common stock. The securities comprising the units are immediately separable and will be issued separately.

Optex has granted the underwriters a 45-day option to purchase up to 593,785 additional shares of common stock and/or additional warrants to purchase up to 593,785 shares of common stock solely to cover over-allotments, if any, at the public offering price per share and warrant less the underwriting discounts and commissions. The warrants are expected to begin trading on the OTCQB Marketplace, operated by OTC Markets Group, under the symbol "OPXXW" on or about August 23, 2016. The offering is expected to close on August 26, 2016, subject to satisfaction of customary closing conditions.

Joseph Gunnar & Co., LLC is acting as sole book-running manager for the offering.

The company intends to use the net proceeds from the offering for acquisitions, marketing and sales activities, and general working capital.

The securities described above are being offered by Optex pursuant to a registration statement on Form S-1 (File No. 333-212654), as amended, previously filed with and declared effective by the Securities and Exchange Commission (SEC). This press release does not constitute an offer to sell or a solicitation of an offer to buy the securities in this offering. The offering may be made only by means of a prospectus. The preliminary prospectus related to the offering has been filed with the SEC and a final prospectus related to the offering will be filed with the SEC on or about August 23, 2016. Copies of the final prospectus, when available, may be obtained from Joseph Gunnar & Co., LLC, Prospectus Department, 30 Broad Street, 11th Floor, New York, NY 10004, telephone 212-440-9600, email: prospectus@jgunnar.com. Investors may also obtain these documents at no cost by

visiting the Securities and Exchange Commission's website at <http://www.sec.gov>.

ABOUT OPTEX SYSTEMS

Optex, which was founded in 1987, is a Richardson, Texas based ISO 9001:2008 certified concern, which manufactures optical sighting systems and assemblies, primarily for Department of Defense (DOD) applications. Its products are installed on various types of U.S. military land vehicles, such as the Abrams and Bradley fighting vehicles, Light Armored and Armored Security Vehicles, and have been selected for installation on the Stryker family of vehicles. Optex also manufactures and delivers numerous periscope configurations, rifle and surveillance sights, and night vision optical assemblies. Optex delivers its products both directly to the military services and to prime contractors. For additional information, please visit the Company's website at www.optexsys.com.

Please Note : *This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. All statements other than statements of historical facts contained in this press release, including statements regarding our anticipated future clinical and regulatory events, future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. Forward looking statements are generally written in the future tense and/or are preceded by words such as "may," "will," "should," "forecast," "could," "expect," "suggest," "believe," "estimate," "continue," "anticipate," "intend," "plan," or similar words, or the negatives of such terms or other variations on such terms or comparable terminology. These statements are just predictions and are subject to risks and uncertainties that could cause the actual events or results to differ materially. These risks and uncertainties include, among others: (i) our lack of market saturation for our products and our ability to achieve full commercialization of our product ahead of our competitors; (ii) our ability to achieve market acceptance and to become profitable; (iii) our ability to engage and retain key personnel, for which we do not carry key man insurance; and (iv) the dilutive nature of this offering and the potential need to raise further capital in the future, which will have a further dilutive effect on our shareholders.*

Contact:

Robert Haag

Managing Director

IRTH Communications

OPXS@irthcommunications.com

1-866-976-4784

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